

Message Text

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ORIGIN EB-08

INFO OCT-01 EUR-12 ISO-00 TRSE-00 H-02 /023 R

DRAFTED BY EB/IFD/OMA:TAFORBORD
APPROVED BY EB/IFD/OMA:JABWINDER
TREASURY:MFIELD
EUR/NE:CSHALLER

-----041545 151752Z /43

R 151701Z AUG 77
FM SECSTATE WASHDC
TO AMEMBASSY BRUSSELS

UNCLAS STATE 192748

E.O. 11652: N/A

TAGS: EFIN, ETRD, US

SUBJECT: GUIDANCE ON TAXATION OF U.S. CITIZENS ABROAD

REF: BRUSSELS 9622

1. AMBASSADOR CHAMBERS MAY DRAW ON THE FOLLOWING MATERIAL
FOR AMCHAM INTERVIEW.

2. THE DEPARTMENT IS VERY CONCERNED WITH THE IMPACT ON THE
INTERNATIONAL COMPETITIVENESS OF U.S. CITIZENS AND FIRMS OF
THE 1976 CHANGES IN THE TAX CODE. THIS SPRING, WE STRONGLY
URGED THE CONGRESS TO ELIMINATE THE RETROACTIVE APPLICATION
(TO JANUARY 1, 1976) OF THE 1976 CHANGES. OUR ACTIONS
HELPED MOVE CONGRESS TO TAKE THIS STEP (MAKING JANUARY 1,
1977 THE EFFECTIVE DATE), BUT WE VIEWED THIS AS ONLY A FIRST
STEP. WE FEEL THAT BASIC REFORM IN U.S. TAXATION OF
FOREIGN SOURCE EARNED INCOME IS ALSO NEEDED.

3. THE DEPARTMENT HAS THEREFORE BEEN WORKING CLOSELY WITH
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THE TREASURY, OTHER GOVERNMENT AGENCIES, AND BUSINESS
GROUPS (INCLUDING THE INTERNATIONAL DIVISION OF THE
CHAMBER OF COMMERCE OF THE UNITED STATES) TO DEVELOP
REFORM PROPOSALS WHICH THE ADMINISTRATION WILL SUBMIT TO
CONGRESS EARLY THIS FALL. WE ARE PARTICULARLY CONCERNED
WITH THE EFFECT THE TAX LAWS HAVE ON U.S. COMPETITIVENESS
ABROAD AND WITH THE EQUITY OF TREATMENT AFFORDED U.S. TAX-

PAYERS WHO LIVE AND WORK ABROAD. THE FINAL FORM OF THE
ADMINISTRATION'S POSITION WILL BE DEVELOPED IN THE NEXT
FEW WEEKS. THE DEPARTMENT HOPES IT WILL RESOLVE THE COM-
PLAINTS OF AMERICANS LIVING ABROAD ABOUT THE ADVERSE
IMPACT OF THE 1976 TAX CHANGES. VANCE

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Message Attributes

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Copy: SINGLE
Sent Date: 15-Aug-1977 12:00:00 am
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Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
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